

Message Text

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67

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-01 INR-05 L-02

NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-04 FRB-01 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-01 SIL-01 OMB-01 /074 W

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R 221900Z OCT 74

FM AMEMBASSY ANKARA

TO SECSTATE WASHDC 6557

INFO AMEMBASSY ATHENS

AMEMBASSY LONDON

AMEMBASSY NICOSIA

C O N F I D E N T I A L ANKARA 8332

E.O. 11652: GDS

TAGS: PINT PFOR CY TU US EINV

SUDJJC TURKISH TREATMENT OF AMERICAN FIRMS IN CYPRUS

REF: (A) STATE 229175; (B) STATE 227090

1. AFTER DISCUSSION OF TRACE

SITUATION IN TURKISH AREA OF

CYPRUS (SEPTTEL), DCM OCTOBER 22 (RAISED WITH NECDET TEZE), MFA DIRGEN POLITICAL AFFAIRS, QUESTION OF TREATMENT IN TURKISH AREA OF US FIRMS OPERATING IN CYPRUS. DCM, AFTER MAKING POINTS IN REFTTEL A, DREW ON NICOSIA'S TELEGRAMS TO ILLUSTRATE DIFFICULTIES AMERICAN FIRMS WERE FACING AND REFERRED TO PARTICULAR PREDICAMENT OF CYPRUS MINING CORPORATION WHOSE INSTALLATIONS STRADDLED THE LINE. DCM CONCLUDED PRESENTATION BY EXPRESSING VIEW THAT AMERICAN FIRMS CONTRIBUTED TO ECONOMIC WELL-BEING OF ENTIRE ISLAND, INCLUDING TURKISH AREA, THAT US FIRMS WANTED TO STAY OUT OF POLITICS, AND DID NOT WANT TO HAVE TO CHOOSE SIDES.

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2. TEZEL SAID HE HAD READ ESENBEL'S REPORT OF HIS OCTOBER 15

CONVERSATION WITH HARTMAN (REFTEL B). THIS WAS A COMPLICATED QUESTION, (HE CONTINUED. HE RECOGNIZED ECONOMIC BENEFIT OF AMERICAN FIRMS ON THE ISLAND AND THAT THEY DIDN'T WANT TO TAKE SIDES. BUT WHAT USR AASJN IN EFFECT, ASKING WAS THAT AMERICAN FIRMS BE ALLOWED TO OPERATE IN TURKISH AREA UNDER AEGIS OF RULES LAID DOWN BY GREEK CYPRIOTS.

3. THE TURKISH AREA WAS SEPARATE, SAID TEZEL. THE TURKISH AUTONOMOUS ADMINISTRATION (TAA) WANTED ALL FOREIGN FIRMS TO BE REACTICATED AND TO DO BUSINESS AS BEFORE. IT WAS "DIFFICULT" TO DO THIS UNDER RULES LAID DOWN BY THE GREEK CYPRIOTS. WHEN TAA ASKED FOREIGN FIRMS TO REGISTER (JUST AS IT REQUIRED TURKISH FIRMS TO REGISTER), CONTINUED TEZEL, "WE ARE NOT DOING THAT TO FORCE YOUR COMPANIES TO TAKE A POLITICAL ATTITUDE." THE REQUIREMENT WAS THERE FOR PRACTICAL REASONS. HE FELT USG AND AMERICAN FIRMS THEMSELVES COULD EXPLAIN TO GREEK CYPRIOT AUTHORITIES THAT REGISTRATION IN TURKISH AREA HAD BEEN ACCOMPLISHED PURELY FOR THESE PRACTICAL REASONS AND DID NOT IMPLY ENDORSEMENT OF ANY POLITICAL POSITION.

4. ON THE CYPRUS MINING COMPANY CASE, TEZEL POINTED OUT THAT IT WAS THE GREEK CYPRIOTS WHO HAD REMOVED KARAVOSTASI FROM ITS LIST OF APPROVED POINTS OF ENTRY AND EXIT. TURKS COULD NOT ACCEPT THIS AS VALID. TURKISH COMMERCIAL INTERESTS DID NOT WANT TO CONFISCATE SHIPMENTS OF PYRITES. THEY WANTED TO PAY FOR THEM. HOW WERE THE TURKS TO PROCEED? "SHOULD WE GO TO LIMASSOL (SIC) AND BEG CLERIDES AND HIS FRIENDS TO LET US BUY PYRITES?" THIS IS WHAT CYPRUS MINING COMPANY ATTITUDE IMPLIED. THIS WAS NOT A REALISTIC APPROACH.

5. TEZEL SAID TURKISH THINKING WAS SIMPLE. ON POLITICAL PROBLEMS THEY HOPED THAT THROUGH SECRETARY KISSINGER'S EFFORTS AND TURKISH EFFORTS THAT A SOLUTION COULD BE AORKED OUT. MEANWHILE PRACTICAL DAY-TO-DAY MATTERS HAD TO BE DEALT WITH. TURKS WERE NOT INSISTING THAT FOREIGN COMPANIES MAKE A CHOICE. UNLIKE GREEK CYPRIOTS, TURKS WERE NOT TELLING COMPANIES THAT REGISTRATION IN GREEK AREA WOULD PRECLUDE THEM FROM DOING BUSINESS IN TURKISH REGION. TEZEL FELT COMPANIES COULD WORK OUT PRACTICAL ARRANGEMENTS WITH GREEK CYPRIOTS WHEREBY THEY COULD OPERATE ON BOTH SIDES.
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6. DCM SAID HE HAD NOTED TEZEL'S REMARKS. SPEAKING PERSONALLY, DCM SAID CYPRUS WAS AN AWFULLY SMALL AND QUITE POOR ISLAND AND THAT HE FOUND IMPLICATIONS OF SOME KIND OF ECONOMIC PARTITION VERY TROUBLING. TEZEL SAID PROBLEMS WERE TEMPORARY. ONCE CYPRUS AGAIN BECAME ONE STATE, THESE PROBLEMS WOULD DISAPPEAR. MEANWHILE, DURING THE INTERIM PERIOD WE WOULD HAVE TO FACE DIFFICULTIES.

7. COMMENT: THERE IS CERTAINLY VERY LITTLE GIVE IN GOT
POSITION AS ABOVE STATED. AMBASSADOR PLANS TO TAKE EARLY
OPPORTUNITY TO RAISE MATTER AT HIGHER LEVEL WITHIN GOT.
MACOMBER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BUSINESS FIRMS, POLITICAL SITUATION, INDUSTRIAL CONTROLS, COMMERCIAL LAW
Control Number: n/a
Copy: SINGLE
Draft Date: 22 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: shawdg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ANKARA08332
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740301-0585
From: ANKARA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741028/aaaaaxvl.tel
Line Count: 120
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: (A) STATE 229175; (B) STATE 227090
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 15 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 MAY 2002 by shawdg>; APPROVED <06 MAR 2003 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TURKISH TREATMENT OF AMERICAN FIRMS
TAGS: PINT, PFOR, EINV, CY, TU, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005